

AMENDMENT #2 TO THE NSP3 SUBSTANTIAL AMENDMENT

DECEMBER 11, 2012 (APPROVED BY CITY COUNCIL JANUARY 8, 2013)

<p><b>Jurisdiction(s):</b> City of Moreno Valley</p> <p><b>Jurisdiction Web Address:</b></p> <p><a href="http://www.moval.org/resident_services/housing/index_housing.shtml">http://www.moval.org/resident_services/housing/index_housing.shtml</a></p> <p><b>Mailing Address:</b> 14177 Frederick St. Moreno Valley, CA 92553</p>	<p><b>NSP Contacts:</b> Dante G. Hall Redevelopment &amp; Neighborhood Programs Administrator</p> <p>Shanikqua Freeman Housing Program Coordinator</p> <p><b>Telephone:</b> (951) 413-3450</p> <p><b>Fax:</b> (951) 413-3459</p> <p><b>Email:</b> <a href="mailto:danteh@moval.org">danteh@moval.org</a> <a href="mailto:shaniquaf@moval.org">shaniquaf@moval.org</a></p>
<b>Grant Number: B-11-MN-06-0513</b>	

I. Amendment to Area(s) of Greatest Need

In Amendment #1 of the NSP3 Substantial Amendment, the City of Moreno Valley redefined the target areas and identified seven NSP3 areas of greatest need located within the following areas:

- **Target Area 1:** Bounded by Sunnymead Blvd., Frederick St., Dracaea Ave., and Graham St. **NO CHANGE TO THIS TARGET AREA.**
- **Target Area 2:** Bounded by Kitching St., Eucalyptus Ave., Cottonwood Ave., and Lasselle St. **NO CHANGE TO THIS TARGET AREA.**
- **Target Area 3:** Bounded by Sunnymead Blvd., Lasselle St., Kitching St, and Eucalyptus Ave. **THIS AREA WILL BE ELIMINATED WITH THIS AMENDMENT.**
- **Target Area 4:** Bounded by Cottonwood Ave., Morrison St., Bay Ave., and Lasselle St. **NO CHANGE TO THIS TARGET AREA.**
- **Target Area 5:** Bounded by Perris Ave., Filaree Ave., Gentian Ave., and Sheila Ave. This area is more commonly known as "The Shelia" neighborhood. **NO CHANGE TO THIS TARGET AREA.**
- **Target Area 6:** Irregularly bounded by Alessandro Blvd., Courage St., Frederick St., Bay Ave. This area is more commonly known as "The Shoe" neighborhood because of the neighborhood's distinctive resemblance to a horseshoe. **THIS AREA WILL BE EXPANDED WITH THIS AMENDMENT; SEE DESCRIPTION BELOW.**
- **Target Area 7:** Bounded by Heacock St. 60FWY, Postal Ave, east of Indian Ave. **NO CHANGE TO THIS TARGET AREA.**

With this amendment, the City is proposing to eliminate Target Area #3. As with many markets across the nation, the Moreno Valley real estate market has experienced a drastic shift affecting the availability of inventory eligible for acquisition through the NSP Program. Consequently, Target Area # 3 has not produced as many units as initially anticipated. As a result, the City has determined that focused efforts in this area are no longer required.

To compensate for the elimination of Target Area 3, the City is proposing to expand boundaries of the current Target Area #6, known as "The Shoe" neighborhood. This newly expanded area has been strategically selected and falls under a larger, more comprehensive development plan area defined by the city in a HUD-approved Neighborhood Revitalization Strategy Area (NRSA). The modified NSP-designated Target Area will be irregularly bounded by Frederick Street, Alessandro Boulevard, Cottonwood Avenue, Day Street, Eucalyptus Avenue and Old-215 Frontage Road. This target area will continue to include "The Shoe" neighborhood and will encompass the City's foremost area of greatest need, known as the Edgemont Area.

The Edgemont area is located at the westerly entrance of the City of Moreno Valley. Due to its locale, Edgemont is commonly referred to as a gateway into the city. While the NSRA exists, the City is currently developing a strategy specifically for the Edgemont Area, hereinafter referred to as "The Edgemont Revitalization Plan". The Edgemont Revitalization Plan will be an initiative that is an aimed coordination of public and private efforts and resources with the primary objective of creating private development opportunities while creating new housing opportunities and stabilizing the current housing market in the area. The plan will be devised to be an interdepartmental and interagency collaboration focused on the remediation of the dilapidated and substandard infrastructure that currently serves as an impediment to the development and economic growth of the area.

Some of the revitalization activities to be implemented through the Edgemont Revitalization Plan as concerted efforts performed by of various departments within the City:

- Organized Neighborhood Clean-ups
- Blight removal through Code Compliance/ Building & Safety Enforcement
- Maximization of land use and development opportunities through rezoning
- Acquisition/rehabilitation of foreclosed single and multi- family residential units for land banking, rental, or resale opportunities

The City's NSP Programs (both NSP1 and NSP3) will be one of the components of the Edgemont Revitalization Plan used to: 1) remove blight, 2) stimulate neighborhood redevelopment, and 3) create affordable and decent housing opportunities for earning up to 120% Area Median Income. The City will establish and operate a land bank to acquire, demolish, manage, assemble, and redevelop residential vacant land and/or properties that have been foreclosed upon; the properties held in the land bank will be held future redevelopment to occur before the expiration of the 10-year holding period. **Please note: properties to be held in the land bank will not be exclusive to the Edgemont area. Eligible acquisitions in approved NSP Target Areas will also continued to be pursued and held in the City's land bank.**

The City will identify properties for the purposes of land banking based upon the following criteria, foreclosed and:

- Undeveloped/vacant parcels, and/or;

- Irregularly shaped, small, undevelopable parcels requiring assembly for development, and/or;
- Parcels with blighted and uninhabitable structures requiring demolish.

During the holding period the properties will be secured, maintained, and insured by city. The costs of the management of the properties will be absorbed by NSP grant funds until the expiration of the grant. Upon expiration, Program Income generated through the other NSP eligible activities, will be used to ensure the continued and effective management of the land banked inventory.

## II. Amendment to Activity Budgets

<b>NSP BUDGET</b>	<b>Current Activity Allocations</b>	<b>Proposed Activity Adjustments</b>
<b>NSP3 Total Grant</b>	<b>\$3,687,789</b>	<b>\$3,687,789</b>
NSP3-Activity 1, Single-Family Residential Acq./Rehabilitation/Resale (SFR-ARR)	\$1,747,063	\$897,063
NSP3-Activity 2, Multi-Family Residential Acq./Rehabilitation/Rental (MFR-ARR)	\$1,121,947	\$871,947
NSP3-Activity 3, Neighborhood Stabilization Homeownership Program (NSHP)	\$100,000	\$100,000
NSP3-Activity 4, Demolition	\$50,000	\$200,000
NSP3-Activity 5, Land banking	\$100,000	\$950,000
NSP3-Activity 6, Redevelopment	\$200,000	\$300,000
NSP3 Administration Cap (10%)	\$368,779	\$368,779
<b>Total Proposed Grant Allocations*</b>	<b>\$3,687,789</b>	<b>\$3,687,789</b>
* allocations by activity are subject to change, if adjustments exceed 20% a Substantial Amendment will be processed		

The City is proposing to modify the activity allocation amounts, as indicated above. To assist with the focused-approach being taken in the Edgemont area due to its lack of infrastructure, underdevelopment in some areas, and inability to be developed in other areas, the City will be leveraging NSP funds and other funding sources to address some of the short and long-term economic and housing development opportunities that currently exist.

Staff is proposing to reduce the NSP3-Activity 1- Single-Family Residential Acquisition/Rehabilitation/Resale (SFR-ARR) by \$850,000 and the NSP3-Activity 2- Multi-Family Residential Acquisition./Rehabilitation/Rental (MFR-ARR) by \$250,000; the \$1 million will be reallocated to support other NSP-eligible activities. The NSP3-Activity 4-Demolition will be increased by \$150,000 to \$200,000; \$850,000 will be reallocated to increase the budget for the NSP3-Activity 5-Land banking to \$950,000; and \$100,000 will be reallocated to increase the budget for the NSP3-Activity 6- Redevelopment to \$300,000. Since the current condition of the Edgemont area is not conducive to development, the ability to acquire properties now via an established land bank using NSP funds and redevelop the properties at a later date is imperative to the future vitality, growth, and stabilization of the area.

**III. Amendment to Activity Descriptions for Activity Number 1- Single-Family Residential Acquisition/Rehabilitation/Resale (SFR-ARR) and Activity Number 2 - Multi-Family Residential Acquisition/Rehabilitation/Rental (MFR-ARR)**

On April 9, 2010, HUD issued Bridge Notice 5321-N-03 which changed the definitions of "foreclosed" and "abandoned". As a result, the new definitions allowed the potential use of short-sale procedures for the grantee to acquire property directly from the owner. In its original NSP3 Substantial Amendment, and as part of its implementation/administration the City of Moreno Valley indicated that as it had with NSP1, it will continue to acquire NSP-eligible, bank-owned properties only. Given the recent experience with the City's current real estate market and inventory, the City will begin to pursue short-sale options, in conjunction with bank-owned acquisitions.

**IV. Amendment to Activity Descriptions for Target Areas for Activity Number 1 Single-Family Residential Acquisition/Rehabilitation/Resale (SFR-ARR) and Activity Number 2- Multi-Family Residential Acquisition/Rehabilitation/Rental (MFR-ARR)**

In the City's original NSP3 Substantial Amendment application, it was indicated that Target Areas#1 -4 would be focused areas for acquisition of single-family residential properties and Target Areas #5-7 would be focused areas for acquisition of multifamily residential properties. With this Amendment #2, all Target Areas will be eligible for acquisition/rehabilitation for both single and multi-family housing types, as well as all of the eligible activities (acquisition/rehabilitation, demolition, land banking, financing mechanism, and redevelopment) identified in the initial NSP3 Substantial Amendment.

The chart below summarizes the amendments to the activity for each target area:

Target Area	Current Program Activity	Amended Program Activity
1	SFR-ARR	All eligible activities
2	SFR-ARR	All eligible activities
3	TARGET AREA ELIMINATED	
4	SFR-ARR	All eligible activities
5	MFR-ARR	All eligible activities
6	MFR-ARR	All eligible activities
7	MFR-ARR	All eligible activities

In addition, staff is proposing to modify some of the program's current parameters as it relates to the acquisition of properties through the single family residential acquisition, rehabilitation, and resale activity. With this amendment, the City of Moreno Valley is proposing to remove the current subsidy limit of \$36,000 and the minimum rehabilitation requirement of \$15,000. Initially, the City's approach to property acquisition was to exclusively acquire properties that required substantial rehabilitation, while meeting the minimum 1% discount requirement and staying within the established subsidy limit. Given the changes in the real estate market, the limited availability of inventory, and virtually non-existent discounts provided by the banks, this approach has not been as successful recent as it had been in the past. The City and its Development Partners have found it extremely challenging to identify properties that meet all of the City's requirements will complying with the discount requirements as imposed by HUD. As a result, the program must be modified to allow more flexibility if acquisition opportunities become available. These changes will allow the

City to maximize its acquisition and rehabilitation efforts, thereby increasing its output and performance.

## V. Public Comment

To meet the public noticing requirement, a copy of the draft substantial amendment will be posted on the City of Moreno Valley's website [www.moval.org](http://www.moval.org) for 15 days from November 26 through December 10, 2012. A Public Notice was advertised in the Press-Enterprise newspaper on November 14, 2012. Public comments will be accepted until 4 p.m. on December 10, 2012. All comments may be submitted via email at [NP@moval.org](mailto:NP@moval.org), phone at (951) 413-3450, or fax at (951) 413-3459. The item was voted by Council 5-0 to continue to the January 8, 2013, City Council meeting.


## VI. Summary of Public Comments Received

Comments provided by Pete Bleckert, none were specific to the NSP Program/amendments.

## VII. Certifications

- (1) **Affirmatively furthering Fair Housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and Relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of Funds in 3 years.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years of receipt of the grant.
- (10) **Use NSP Funds ≤ 120% of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120% of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.
- (12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.
- (13) **Compliance with Anti-discrimination Laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.
- (14) **Compliance with Lead-based Paint Procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.
- (15) **Compliance with Laws.** The jurisdiction will comply with applicable laws.

  
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Barry Foster  
Community & Economic Development Director  
City of Moreno Valley

1/16/13  
Date